

AGENDA



Recommendation for Board Action

AUSTIN HOUSING FINANCE CORPORATION (AHFC)

Regular Meeting: December 14, 2017

Item Number: **AHFC005**

Consent

Authorize the Austin Housing Finance Corporation to negotiate and execute an increase in the amount of a proposed loan agreement with the Austin Geriatric Center, Inc., or an affiliated entity, of \$3,479,000 for a total loan amount not to exceed \$6,479,000 to rehabilitate senior housing at the Rebekah Baines Johnson Center and develop new mixed-income housing on the site located at 21 Waller Street.

District(s) Affected: District 3

Lead Department	Neighborhood Housing and Community Development.
Fiscal Note	A fiscal note is not required..
Prior Council Action	<p>December 17, 2015- Council approved Resolution No. 20151217-057, initiating amendments to the Waterfront Overlay, Land Development Code § 25-2-735 (Festival Beach Subdistrict Regulations), to increase allowable impervious cover, and directed the City Manager to process an ordinance to be presented to City Council for consideration after completion of the required public process.</p> <p><u>June 23, 2016</u>- Council passed Ordinance No. 20160623-101, amending city code section 25-2-735 relating to regulation of senior housing and mixed use development within the waterfront overlay.</p>
For More Information	Rosie Truelove, Treasurer, Austin Housing Finance Corporation, 512-974-3064; David Potter, Program Manager, Neighborhood Housing and Community Development; 512-974-3192.
Council Committee,	February 9, 2017- Austin Housing Finance Corporation Board

<p>Boards and Commission Action</p>	<p>authorized negotiation and execution of a loan to the Austin Geriatric Center, Inc. for an amount not to exceed \$3,000,000 for the Rebekah Baines Johnson Center tower rehabilitation and development of new multi-family senior housing at the site.</p> <p><u>September 28, 2017</u>- Austin Housing Finance Corporation Board approved an inducement resolution for private activity bond financing to be submitted to the Texas Bond Review Board for an allocation of up to \$50,000,000 in private activity volume cap multi-family non-recourse bonds.</p> <p><u>October 19, 2017</u>- The Austin Housing Finance Corporation Board conducted a public hearing to receive public comment regarding the issuance of up to \$50,000,000 dollars of Multi-family Housing Revenue Bonds to be issued by the Austin Housing Finance Corporation for the Rebekah Baines Johnson Center.</p>
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Additional Backup Information:

If approved, the Austin Housing Finance Corporation (AHFC) would be authorized to enter into a loan agreement with the non-profit Austin Geriatric Center, or an affiliated entity, to rehabilitate the 16-floor Rebekah Baines Johnson (RBJ) Center, and to construct new multi-family senior housing at the site. The property is located in Council District 3.

Funding Request

- § The total funding request is \$7,000,000, and staff is recommending \$3,479,000 in addition to the previous award of \$3,000,000, which would bring the total AHFC funding amount to \$6,479,000.
- § Funding will be used to construct or rehabilitate 502 rental units for seniors: 277 new units plus the rehabilitation of 225 units in the RBJ Tower.
- § The project is also expected to utilize non-competitive 4% Low Income Housing Tax Credits and Private Activity Bonds issued by AHFC as major sources of funding.
- § AHFC funding would represent approximately 7% of the total project cost, with an average cost of AHFC funds at \$13,554 per AHFC-assisted unit.

Funding Sources from AHFC

\$3,000,000 General Obligation Bond funds (Awarded 2-9-2017)

\$ 799,445 CDBG federal funds (to be used for rehabilitation only)

\$2,000,000 General Obligation Bond funds

\$ 679,555 funds collected from density bonus per Ordinance No. 20091217-126, as amended

\$6,479,000 Total AHFC Funds

Proposed Project

The proposed project at the RBJ Center will take place in stages. First, the infrastructure will be installed that will support 277 units of new housing to be developed. Next, the new housing will be constructed around the Tower, and residents will be relocated to the new housing while the Tower is being rehabilitated. Tower residents will have the option to remain in the new housing or return to the Tower once the rehabilitation work is complete. When completed, the RBJ Center will have a total of 502 units, 478 of which will be income-restricted and all reserved for persons aged 55 and older.

Financing for the development is proposed to come from non-competitive 4% Low Income Housing Tax Credits, Private Activity Bonds issued by AHFC, Rental Housing Development Assistance (RHDA) funding from AHFC, private lender loans, and by the sale of certain sections of the property for market-rate housing and commercial purposes.

Estimated Sources and Uses of Funds (New Construction)

<u>Sources:</u>		<u>Uses:</u>	
Private Lender Loan	\$16,000,000	Acquisition	\$6,184,001
Tax Credits	18,872,856	Pre-Development & Soft Costs	1,705,546
Grants	7,048,353	Construction/Hard Costs	32,904,735
AHFC funding	2,000,000	Reserves & Escrows	1,614,922
Charitable Reserve	445,000	Developer Fee & Financing Costs	7,149,871
Deferred Developer Fee	5,192,866	Total	\$49,559,075
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Estimated Sources and Uses of Funds (Tower Rehabilitation)

<u>Sources:</u>		<u>Uses:</u>	
Private Lender Loan	\$8,400,000	Acquisition	\$10,000,000
Tax Credits	18,224,190	Pre-Development & Soft Costs	1,467,363
Grants	6,469,705	Construction/Hard Costs	27,032,614
AHFC funding & Other Government funding	10,000,000	Developer Fee & Financing Costs	5,579,767
Charitable Reserve	445,000	Total	44,079,744
Deferred Developer Fee	540,839		
Total	\$44,079,734		

New Construction

Project Characteristics

277 new construction multi-family units to be constructed.

- § 47 efficiency units (approximately 525 to 631 square feet, approximate rent \$380 to \$800).
- § 206 one-bedroom units (approximately 739 to 818 square feet, approximate rent \$707 to \$1,166).
- § 24 two-bedroom units (approximately 1,069 to 1,210 square feet, approximate rent \$837 to \$1,387).

Population Served

- § Persons age 55 and older.
- § 18 units will be reserved for households with incomes at or below 30% Median Family Income (MFI), currently \$17,100 per year for a single-person household.
- § 94 units will be reserved for households with incomes at or below 50% MFI, currently \$28,500 for a single-person household.
- § 146 units will be reserved for households with incomes at or below 60% MFI, currently \$34,200 for a single-person household.
- § 19 units will have no income restrictions.

Tower Rehabilitation

Project Characteristics

225 units will be rehabilitated. The RBJ Tower was originally completed in 1972.

- § 92 efficiency units (approximately 496 to 524 square feet, approximate rent \$380 to \$665).
- § 133 one-bedroom units (approximately 598 to 622 square feet, approximate rent \$402 to \$1,222).

Population Served

- § Persons age 55 and older.
- § 27 units will be reserved for households with incomes at or below 30% Median Family Income (MFI), currently \$17,100 per year for a single-person household.
- § 131 units will be reserved for households with incomes at or below 50% MFI, currently \$28,500 for a single-person household.
- § 62 units will be reserved for households with incomes at or below 60% MFI, currently \$34,200 for a single-person household.
- § 5 units will have no income restrictions.

Current Property Tax Status and Future Impact

All of the property owned by the Austin Geriatric Center is fully exempt from property tax. The property that will be sold by the Austin Geriatric Center will be taxed under the Property Tax Code according to its use.

The Austin Geriatric Center, Inc. and DMA Development Company, LLC

The Austin Geriatric Center has been operating the RBJ Tower for more than 40 years. It is intimately familiar with the needs of the physical plant as well as its residents as long term stewards of that property. DMA Development Company is very experienced in the development and construction of complicated real estate developments, having extensive experience with both new construction and renovation, and with all the financial tools proposed for this project. DMA Development Company most recently closed bond financing and began construction on a 240-unit vertical mixed use development in the Mueller community. This development, Aldrich 51, is a joint venture with AHFC, utilized 4% housing tax credits and tax exempt bond financing, and involved structured parking, as does this proposed development.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Application here:

<http://austintexas.gov/page/fy-15-16-funding-applications>.